

**SUBSTITUTE FOR
HOUSE BILL NO. 5454**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2018 PA 133.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner

1 of property may claim 1 exemption under this section by filing an
2 affidavit on or before May 1 for taxes levied before January 1,
3 2012 or, for taxes levied after December 31, 2011, on or before
4 June 1 for the immediately succeeding summer tax levy and all
5 subsequent tax levies or on or before November 1 for the
6 immediately succeeding winter tax levy and all subsequent tax
7 levies with the local tax collecting unit in which the property is
8 located. The affidavit shall state that the property is owned and
9 occupied as a principal residence by that owner of the property on
10 the date that the affidavit is signed and shall state that the
11 owner has not claimed a substantially similar exemption, deduction,
12 or credit on property in another state. The affidavit shall be on a
13 form prescribed by the department of treasury. One copy of the
14 affidavit shall be retained by the owner and 1 copy shall be
15 retained by the local tax collecting unit, together with all
16 information submitted under subsection (28) for a cooperative
17 housing corporation. The local tax collecting unit shall forward to
18 the department of treasury a copy of the affidavit and any
19 information submitted under subsection (28) upon a request from the
20 department of treasury. The affidavit shall require the owner
21 claiming the exemption to indicate if that owner or that owner's
22 spouse has claimed another exemption on property in this state that
23 is not rescinded or a substantially similar exemption, deduction,
24 or credit on property in another state that is not rescinded. If
25 the affidavit requires an owner to include a social security
26 number, that owner's number is subject to the disclosure
27 restrictions in 1941 PA 122, MCL 205.1 to 205.31. If an owner of

1 property filed an affidavit for an exemption under this section
2 before January 1, 2004, that affidavit shall be considered the
3 affidavit required under this subsection for a principal residence
4 exemption and that exemption shall remain in effect until rescinded
5 as provided in this section.

6 (3) Except as otherwise provided in subsection (5), a married
7 couple who are required to file or who do file a joint Michigan
8 income tax return are entitled to not more than 1 exemption under
9 this section. For taxes levied after December 31, 2002, a person is
10 not entitled to an exemption under this section in any calendar
11 year in which any of the following conditions occur:

12 (a) That person has claimed a substantially similar exemption,
13 deduction, or credit, regardless of amount, on property in another
14 state. Upon request by the department of treasury, the assessor of
15 the local tax collecting unit, the county treasurer or his or her
16 designee, or the county equalization director or his or her
17 designee, a person who claims an exemption under this section
18 shall, within 30 days, file an affidavit on a form prescribed by
19 the department of treasury stating that the person has not claimed
20 a substantially similar exemption, deduction, or credit on property
21 in another state. A claim for a substantially similar exemption,
22 deduction, or credit in another state occurs at the time of the
23 filing or granting of a substantially similar exemption, deduction,
24 or credit in another state. If the assessor of the local tax
25 collecting unit, the department of treasury, or the county denies
26 an existing claim for exemption under this section, an owner of the
27 property subject to that denial cannot rescind a substantially

1 similar exemption, deduction, or credit claimed in another state in
2 order to qualify for the exemption under this section for any of
3 the years denied. If a person claims an exemption under this
4 section and a substantially similar exemption, deduction, or credit
5 in another state, that person is subject to a penalty of \$500.00.
6 The penalty shall be distributed in the same manner as interest is
7 distributed under subsection (25).

8 (b) Subject to subdivision (a), that person or his or her
9 spouse owns property in a state other than this state for which
10 that person or his or her spouse claims an exemption, deduction, or
11 credit substantially similar to the exemption provided under this
12 section, unless that person and his or her spouse file separate
13 income tax returns.

14 (c) That person has filed a nonresident Michigan income tax
15 return, except active duty military personnel stationed in this
16 state with his or her principal residence in this state.

17 (d) That person has filed an income tax return in a state
18 other than this state as a resident, except active duty military
19 personnel stationed in this state with his or her principal
20 residence in this state.

21 (e) That person has previously rescinded an exemption under
22 this section for the same property for which an exemption is now
23 claimed and there has not been a transfer of ownership of that
24 property after the previous exemption was rescinded, if either of
25 the following conditions is satisfied:

26 (i) That person has claimed an exemption under this section
27 for any other property for that tax year.

1 (ii) That person has rescinded an exemption under this section
2 on other property, which exemption remains in effect for that tax
3 year, and there has not been a transfer of ownership of that
4 property.

5 (4) Upon receipt of an affidavit filed under subsection (2)
6 and unless the claim is denied under this section, the assessor
7 shall exempt the property from the collection of the tax levied by
8 a local school district for school operating purposes to the extent
9 provided under section 1211 of the revised school code, 1976 PA
10 451, MCL 380.1211, as provided in subsection (1) until December 31
11 of the year in which the property is transferred or, except as
12 otherwise provided in subsections (5), ~~and~~ (32), **AND (33)**, is no
13 longer a principal residence as defined in section 7dd, or the
14 owner is no longer entitled to an exemption as provided in
15 subsection (3).

16 (5) Except as otherwise provided in this subsection **AND**
17 **SUBSECTIONS (32) AND (33)**, not more than 90 days after exempted
18 property is no longer used as a principal residence by the owner
19 claiming an exemption, that owner shall rescind the claim of
20 exemption by filing with the local tax collecting unit a rescission
21 form prescribed by the department of treasury. The local tax
22 collecting unit shall retain the rescission form and shall forward
23 a copy of it to the department of treasury upon a request from the
24 department of treasury. If an owner is eligible for and claims an
25 exemption for that owner's current principal residence, that owner
26 may retain an exemption for not more than 3 tax years on property
27 previously exempt as his or her principal residence if that

1 property is not occupied, is for sale, is not leased, and is not
2 used for any business or commercial purpose by filing a conditional
3 rescission form prescribed by the department of treasury with the
4 local tax collecting unit within the time period prescribed in
5 subsection (2). Beginning in the 2012 tax year, subject to the
6 payment requirement set forth in this subsection, if a land
7 contract vendor, bank, credit union, or other lending institution
8 owns property as a result of a foreclosure or forfeiture of a
9 recorded instrument under chapter 31, 32, or 57 of the revised
10 judicature act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and
11 MCL 600.5701 to 600.5759, or through deed or conveyance in lieu of
12 a foreclosure or forfeiture on that property and that property had
13 been exempt under this section immediately preceding the
14 foreclosure, that land contract vendor, bank, credit union, or
15 other lending institution may retain an exemption on that property
16 at the same percentage of exemption that the property previously
17 had under this section if that property is not occupied other than
18 by the person who claimed the exemption under this section
19 immediately preceding the foreclosure or forfeiture, is for sale,
20 is not leased to any person other than the person who claimed the
21 exemption under this section immediately preceding the foreclosure,
22 and is not used for any business or commercial purpose. A land
23 contract vendor, bank, credit union, or other lending institution
24 may claim an exemption under this subsection by filing a
25 conditional rescission form prescribed by the department of
26 treasury with the local tax collecting unit within the time period
27 prescribed in subsection (2). Property is eligible for a

1 conditional rescission if that property is available for lease and
2 all other conditions under this subsection are met. A copy of a
3 conditional rescission form shall be forwarded to the department of
4 treasury according to a schedule prescribed by the department of
5 treasury. An owner or a land contract vendor, bank, credit union,
6 or other lending institution that files a conditional rescission
7 form shall annually verify to the assessor of the local tax
8 collecting unit on or before December 31 that the property for
9 which the principal residence exemption is retained is not occupied
10 other than by the person who claimed the exemption under this
11 section immediately preceding the foreclosure or forfeiture, is for
12 sale, is not leased except as otherwise provided in this section,
13 and is not used for any business or commercial purpose. The land
14 contract vendor, bank, credit union, or other lending institution
15 may retain the exemption authorized under this section for not more
16 than 3 tax years. If an owner or a land contract vendor, bank,
17 credit union, or other lending institution does not annually verify
18 by December 31 that the property for which the principal residence
19 exemption is retained is not occupied other than by the person who
20 claimed the exemption under this section immediately preceding the
21 foreclosure or forfeiture, is for sale, is not leased except as
22 otherwise provided in this section, and is not used for any
23 business or commercial purpose, the assessor of the local tax
24 collecting unit shall deny the principal residence exemption on
25 that property. Except as otherwise provided in this section, if
26 property subject to a conditional rescission is leased, the local
27 tax collecting unit shall deny that conditional rescission and that

1 denial is retroactive and is effective on December 31 of the year
2 immediately preceding the year in which the property subject to the
3 conditional rescission is leased. An owner who fails to file a
4 rescission as required by this subsection is subject to a penalty
5 of \$5.00 per day for each separate failure beginning after the 90
6 days have elapsed, up to a maximum of \$200.00. This penalty shall
7 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
8 deposited in the state school aid fund established in section 11 of
9 article IX of the state constitution of 1963. This penalty may be
10 waived by the department of treasury. If a land contract vendor,
11 bank, credit union, or other lending institution retains an
12 exemption on property under this subsection, that land contract
13 vendor, bank, credit union, or other lending institution shall pay
14 an amount equal to the additional amount that land contract vendor,
15 bank, credit union, or other lending institution would have paid
16 under section 1211 of the revised school code, 1976 PA 451, MCL
17 380.1211, if an exemption had not been retained on that property,
18 together with an administration fee equal to the property tax
19 administration fee imposed under section 44. The payment required
20 under this subsection shall be collected by the local tax
21 collecting unit at the same time and in the same manner as taxes
22 collected under this act. The administration fee shall be retained
23 by the local tax collecting unit. The amount collected that the
24 land contract vendor, bank, credit union, or other lending
25 institution would have paid under section 1211 of the revised
26 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
27 been retained on that property is an amount that is not captured by

1 any authority as tax increment revenues and shall be distributed to
2 the department of treasury monthly for deposit into the state
3 school aid fund established in section 11 of article IX of the
4 state constitution of 1963. If a land contract vendor, bank, credit
5 union, or other lending institution transfers ownership of property
6 for which an exemption is retained under this subsection, that land
7 contract vendor, bank, credit union, or other lending institution
8 shall rescind the exemption as provided in this section and shall
9 notify the treasurer of the local tax collecting unit of that
10 transfer of ownership. If a land contract vendor, bank, credit
11 union, or other lending institution fails to make the payment
12 required under this subsection for any property within the period
13 for which property taxes are due and payable without penalty, the
14 local tax collecting unit shall deny that conditional rescission
15 and that denial is retroactive and is effective on December 31 of
16 the immediately preceding year. If the local tax collecting unit
17 denies a conditional rescission, the local tax collecting unit
18 shall remove the exemption of the property and the amount due from
19 the land contract vendor, bank, credit union, or other lending
20 institution shall be a tax so that the additional taxes, penalties,
21 and interest shall be collected as provided for in this section. If
22 payment of the tax under this subsection is not made by the March 1
23 following the levy of the tax, the tax shall be turned over to the
24 county treasurer and collected in the same manner as delinquent
25 taxes under this act. An owner of property who previously occupied
26 that property as his or her principal residence but now resides in
27 a nursing home, assisted living facility, or, if residing there

1 solely for purposes of convalescence, any other location may retain
2 an exemption on that property if the owner manifests an intent to
3 return to that property by satisfying all of the following
4 conditions:

5 (a) The owner continues to own that property while residing in
6 the nursing home, assisted living facility, or other location.

7 (b) The owner has not established a new principal residence.

8 (c) The owner maintains or provides for the maintenance of
9 that property while residing in the nursing home, assisted living
10 facility, or other location.

11 (d) That property is not leased and is not used for any
12 business or commercial purpose.

13 (6) Except as otherwise provided in subsections (5), ~~and (32)~~,
14 **AND (33)**, if the assessor of the local tax collecting unit believes
15 that the property for which an exemption is claimed is not the
16 principal residence of the owner claiming the exemption, the
17 assessor may deny a new or existing claim by notifying the owner
18 and the department of treasury in writing of the reason for the
19 denial and advising the owner that the denial may be appealed to
20 the residential and small claims division of the Michigan tax
21 tribunal within 35 days after the date of the notice. The assessor
22 may deny a claim for exemption for the current year and for the 3
23 immediately preceding calendar years. If the assessor denies an
24 existing claim for exemption, the assessor shall remove the
25 exemption of the property and, if the tax roll is in the local tax
26 collecting unit's possession, amend the tax roll to reflect the
27 denial and the local treasurer shall within 30 days of the date of

1 the denial issue a corrected tax bill for any additional taxes with
2 interest at the rate of 1.25% per month or fraction of a month and
3 penalties computed from the date the taxes were last payable
4 without interest or penalty. If the tax roll is in the county
5 treasurer's possession, the tax roll shall be amended to reflect
6 the denial and the county treasurer shall within 30 days of the
7 date of the denial prepare and submit a supplemental tax bill for
8 any additional taxes, together with interest at the rate of 1.25%
9 per month or fraction of a month and penalties computed from the
10 date the taxes were last payable without interest or penalty.
11 Interest on any tax set forth in a corrected or supplemental tax
12 bill shall again begin to accrue 60 days after the date the
13 corrected or supplemental tax bill is issued at the rate of 1.25%
14 per month or fraction of a month. Taxes levied in a corrected or
15 supplemental tax bill shall be returned as delinquent on the March
16 1 in the year immediately succeeding the year in which the
17 corrected or supplemental tax bill is issued. If the assessor
18 denies an existing claim for exemption, the interest due shall be
19 distributed as provided in subsection (25). However, if the
20 property has been transferred to a bona fide purchaser before
21 additional taxes were billed to the seller as a result of the
22 denial of a claim for exemption, the taxes, interest, and penalties
23 shall not be a lien on the property and shall not be billed to the
24 bona fide purchaser, and the local tax collecting unit if the local
25 tax collecting unit has possession of the tax roll or the county
26 treasurer if the county has possession of the tax roll shall notify
27 the department of treasury of the amount of tax due, interest, and

1 penalties through the date of that notification. The department of
2 treasury shall then assess the owner who claimed the exemption
3 under this section for the tax, interest, and penalties accruing as
4 a result of the denial of the claim for exemption, if any, as for
5 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
6 shall deposit any tax or penalty collected into the state school
7 aid fund and shall distribute any interest collected as provided in
8 subsection (25). The denial shall be made on a form prescribed by
9 the department of treasury. If the property for which the assessor
10 has denied a claim for exemption under this subsection is located
11 in a county in which the county treasurer or the county
12 equalization director have elected to audit exemptions under
13 subsection (10), the assessor shall notify the county treasurer or
14 the county equalization director of the denial under this
15 subsection.

16 (7) If the assessor of the local tax collecting unit believes
17 that the property for which the exemption is claimed is not the
18 principal residence of the owner claiming the exemption and has not
19 denied the claim, the assessor shall include a recommendation for
20 denial with any affidavit that is forwarded to the department of
21 treasury or, for an existing claim, shall send a recommendation for
22 denial to the department of treasury, stating the reasons for the
23 recommendation.

24 (8) The department of treasury shall determine if the property
25 is the principal residence of the owner claiming the exemption.
26 Except as otherwise provided in subsection (21), the department of
27 treasury may review the validity of exemptions for the current

1 calendar year and for the 3 immediately preceding calendar years.
2 Except as otherwise provided in subsections (5), ~~and~~ (32), **AND**
3 **(33)**, if the department of treasury determines that the property is
4 not the principal residence of the owner claiming the exemption,
5 the department shall send a notice of that determination to the
6 local tax collecting unit and to the owner of the property claiming
7 the exemption, indicating that the claim for exemption is denied,
8 stating the reason for the denial, and advising the owner claiming
9 the exemption of the right to appeal the determination to the
10 department of treasury and what those rights of appeal are. The
11 department of treasury may issue a notice denying a claim if an
12 owner fails to respond within 30 days of receipt of a request for
13 information from that department. An owner may appeal the denial of
14 a claim of exemption to the department of treasury within 35 days
15 of receipt of the notice of denial. An appeal to the department of
16 treasury shall be conducted according to the provisions for an
17 informal conference in section 21 of 1941 PA 122, MCL 205.21.
18 Within 10 days after acknowledging an appeal of a denial of a claim
19 of exemption, the department of treasury shall notify the assessor
20 and the treasurer for the county in which the property is located
21 that an appeal has been filed. Upon receipt of a notice that the
22 department of treasury has denied a claim for exemption, the
23 assessor shall remove the exemption of the property and, if the tax
24 roll is in the local tax collecting unit's possession, amend the
25 tax roll to reflect the denial and the local treasurer shall within
26 30 days of the date of the denial issue a corrected tax bill for
27 any additional taxes with interest at the rate of 1.25% per month

1 or fraction of a month and penalties computed from the date the
2 taxes were last payable without interest and penalty. If the tax
3 roll is in the county treasurer's possession, the tax roll shall be
4 amended to reflect the denial and the county treasurer shall within
5 30 days of the date of the denial prepare and submit a supplemental
6 tax bill for any additional taxes, together with interest at the
7 rate of 1.25% per month or fraction of a month and penalties
8 computed from the date the taxes were last payable without interest
9 or penalty. Interest on any tax set forth in a corrected or
10 supplemental tax bill shall again begin to accrue 60 days after the
11 date the corrected or supplemental tax bill is issued at the rate
12 of 1.25% per month or fraction of a month. The department of
13 treasury may waive interest on any tax set forth in a corrected or
14 supplemental tax bill for the current tax year and the immediately
15 preceding 3 tax years if the assessor of the local tax collecting
16 unit files with the department of treasury a sworn affidavit in a
17 form prescribed by the department of treasury stating that the tax
18 set forth in the corrected or supplemental tax bill is a result of
19 the assessor's classification error or other error or the
20 assessor's failure to rescind the exemption after the owner
21 requested in writing that the exemption be rescinded. Taxes levied
22 in a corrected or supplemental tax bill shall be returned as
23 delinquent on the March 1 in the year immediately succeeding the
24 year in which the corrected or supplemental tax bill is issued. If
25 the department of treasury denies an existing claim for exemption,
26 the interest due shall be distributed as provided in subsection
27 (25). However, if the property has been transferred to a bona fide

1 purchaser before additional taxes were billed to the seller as a
2 result of the denial of a claim for exemption, the taxes, interest,
3 and penalties shall not be a lien on the property and shall not be
4 billed to the bona fide purchaser, and the local tax collecting
5 unit if the local tax collecting unit has possession of the tax
6 roll or the county treasurer if the county has possession of the
7 tax roll shall notify the department of treasury of the amount of
8 tax due and interest through the date of that notification. The
9 department of treasury shall then assess the owner who claimed the
10 exemption under this section for the tax and interest plus penalty
11 accruing as a result of the denial of the claim for exemption, if
12 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
13 205.31, and shall deposit any tax or penalty collected into the
14 state school aid fund and shall distribute any interest collected
15 as provided in subsection (25).

16 (9) The department of treasury may enter into an agreement
17 regarding the implementation or administration of subsection (8)
18 with the assessor of any local tax collecting unit in a county that
19 has not elected to audit exemptions claimed under this section as
20 provided in subsection (10). The agreement may specify that for a
21 period of time, not to exceed 120 days, the department of treasury
22 will not deny an exemption identified by the department of treasury
23 in the list provided under subsection (11).

24 (10) A county may elect to audit the exemptions claimed under
25 this section in all local tax collecting units located in that
26 county as provided in this subsection. The election to audit
27 exemptions shall be made by the county treasurer, or by the county

1 equalization director with the concurrence by resolution of the
2 county board of commissioners. The initial election to audit
3 exemptions shall require an audit period of 2 years. Before 2009,
4 subsequent elections to audit exemptions shall be made every 2
5 years and shall require 2 annual audit periods. Beginning in 2009,
6 an election to audit exemptions shall be made every 5 years and
7 shall require 5 annual audit periods. An election to audit
8 exemptions shall be made by submitting an election to audit form to
9 the assessor of each local tax collecting unit in that county and
10 to the department of treasury not later than April 1 preceding the
11 October 1 in the year in which an election to audit is made. The
12 election to audit form required under this subsection shall be in a
13 form prescribed by the department of treasury. If a county elects
14 to audit the exemptions claimed under this section, the department
15 of treasury may continue to review the validity of exemptions as
16 provided in subsection (8). If a county does not elect to audit the
17 exemptions claimed under this section as provided in this
18 subsection, the department of treasury shall conduct an audit of
19 exemptions claimed under this section in the initial 2-year audit
20 period for each local tax collecting unit in that county unless the
21 department of treasury has entered into an agreement with the
22 assessor for that local tax collecting unit under subsection (9).

23 (11) If a county elects to audit the exemptions claimed under
24 this section as provided in subsection (10) and the county
25 treasurer or his or her designee or the county equalization
26 director or his or her designee believes that the property for
27 which an exemption is claimed is not the principal residence of the

1 owner claiming the exemption, the county treasurer or his or her
2 designee or the county equalization director or his or her designee
3 may, except as otherwise provided in subsections (5), ~~and (32)~~, **AND**
4 **(33)**, deny an existing claim by notifying the owner, the assessor
5 of the local tax collecting unit, and the department of treasury in
6 writing of the reason for the denial and advising the owner that
7 the denial may be appealed to the residential and small claims
8 division of the Michigan tax tribunal within 35 days after the date
9 of the notice. The county treasurer or his or her designee or the
10 county equalization director or his or her designee may deny a
11 claim for exemption for the current year and for the 3 immediately
12 preceding calendar years. If the county treasurer or his or her
13 designee or the county equalization director or his or her designee
14 denies an existing claim for exemption, the county treasurer or his
15 or her designee or the county equalization director or his or her
16 designee shall direct the assessor of the local tax collecting unit
17 in which the property is located to remove the exemption of the
18 property from the assessment roll and, if the tax roll is in the
19 local tax collecting unit's possession, direct the assessor of the
20 local tax collecting unit to amend the tax roll to reflect the
21 denial and the treasurer of the local tax collecting unit shall
22 within 30 days of the date of the denial issue a corrected tax bill
23 for any additional taxes with interest at the rate of 1.25% per
24 month or fraction of a month and penalties computed from the date
25 the taxes were last payable without interest and penalty. If the
26 tax roll is in the county treasurer's possession, the tax roll
27 shall be amended to reflect the denial and the county treasurer

1 shall within 30 days of the date of the denial prepare and submit a
2 supplemental tax bill for any additional taxes, together with
3 interest at the rate of 1.25% per month or fraction of a month and
4 penalties computed from the date the taxes were last payable
5 without interest or penalty. Interest on any tax set forth in a
6 corrected or supplemental tax bill shall again begin to accrue 60
7 days after the date the corrected or supplemental tax bill is
8 issued at the rate of 1.25% per month or fraction of a month. Taxes
9 levied in a corrected or supplemental tax bill shall be returned as
10 delinquent on the March 1 in the year immediately succeeding the
11 year in which the corrected or supplemental tax bill is issued. If
12 the county treasurer or his or her designee or the county
13 equalization director or his or her designee denies an existing
14 claim for exemption, the interest due shall be distributed as
15 provided in subsection (25). However, if the property has been
16 transferred to a bona fide purchaser before additional taxes were
17 billed to the seller as a result of the denial of a claim for
18 exemption, the taxes, interest, and penalties shall not be a lien
19 on the property and shall not be billed to the bona fide purchaser,
20 and the local tax collecting unit if the local tax collecting unit
21 has possession of the tax roll or the county treasurer if the
22 county has possession of the tax roll shall notify the department
23 of treasury of the amount of tax due and interest through the date
24 of that notification. The department of treasury shall then assess
25 the owner who claimed the exemption under this section for the tax
26 and interest plus penalty accruing as a result of the denial of the
27 claim for exemption, if any, as for unpaid taxes provided under

1 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
2 penalty collected into the state school aid fund and shall
3 distribute any interest collected as provided in subsection (25).
4 The department of treasury shall annually provide the county
5 treasurer or his or her designee or the county equalization
6 director or his or her designee a list of parcels of property
7 located in that county for which an exemption may be erroneously
8 claimed. The county treasurer or his or her designee or the county
9 equalization director or his or her designee shall forward copies
10 of the list provided by the department of treasury to each assessor
11 in each local tax collecting unit in that county within 10 days of
12 receiving the list.

13 (12) If a county elects to audit exemptions claimed under this
14 section as provided in subsection (10), the county treasurer or the
15 county equalization director may enter into an agreement with the
16 assessor of a local tax collecting unit in that county regarding
17 the implementation or administration of this section. The agreement
18 may specify that for a period of time, not to exceed 120 days, the
19 county will not deny an exemption identified by the department of
20 treasury in the list provided under subsection (11).

21 (13) An owner may appeal a denial by the assessor of the local
22 tax collecting unit under subsection (6), a final decision of the
23 department of treasury under subsection (8), or a denial by the
24 county treasurer or his or her designee or the county equalization
25 director or his or her designee under subsection (11) to the
26 residential and small claims division of the Michigan tax tribunal
27 within 35 days of that decision. An owner is not required to pay

1 the amount of tax in dispute in order to appeal a denial of a claim
2 of exemption to the department of treasury or to receive a final
3 determination of the residential and small claims division of the
4 Michigan tax tribunal. However, interest at the rate of 1.25% per
5 month or fraction of a month and penalties shall accrue and be
6 computed from the date the taxes were last payable without interest
7 and penalty. If the residential and small claims division of the
8 Michigan tax tribunal grants an owner's appeal of a denial and that
9 owner has paid the interest due as a result of a denial under
10 subsection (6), (8), or (11), the interest received after a
11 distribution was made under subsection (25) shall be refunded.

12 (14) For taxes levied after December 31, 2005, for each county
13 in which the county treasurer or the county equalization director
14 does not elect to audit the exemptions claimed under this section
15 as provided in subsection (10), the department of treasury shall
16 conduct an annual audit of exemptions claimed under this section
17 for the current calendar year.

18 (15) Except as otherwise provided in subsection (5), an
19 affidavit filed by an owner for the exemption under this section
20 rescinds all previous exemptions filed by that owner for any other
21 property. The department of treasury shall notify the assessor of
22 the local tax collecting unit in which the property for which a
23 previous exemption was claimed is located if the previous exemption
24 is rescinded by the subsequent affidavit. When an exemption is
25 rescinded as provided in subsection (5), the assessor of the local
26 tax collecting unit shall remove the exemption effective December
27 31 of the year in which the affidavit was filed that rescinded the

1 exemption. For any year for which the rescinded exemption has not
2 been removed from the tax roll, the exemption shall be denied as
3 provided in this section. However, interest and penalty shall not
4 be imposed for a year for which a rescission form has been timely
5 filed under subsection (5).

6 (16) Except as otherwise provided in subsection (30), if the
7 principal residence is part of a unit in a multiple-unit dwelling
8 or a dwelling unit in a multiple-purpose structure, an owner shall
9 claim an exemption for only that portion of the total taxable value
10 of the property used as the principal residence of that owner in a
11 manner prescribed by the department of treasury. If a portion of a
12 parcel for which the owner claims an exemption is used for a
13 purpose other than as a principal residence, the owner shall claim
14 an exemption for only that portion of the taxable value of the
15 property used as the principal residence of that owner in a manner
16 prescribed by the department of treasury.

17 (17) When a county register of deeds records a transfer of
18 ownership of a property, he or she shall notify the local tax
19 collecting unit in which the property is located of the transfer.

20 (18) The department of treasury shall make available the
21 affidavit forms and the forms to rescind an exemption, which may be
22 on the same form, to all city and township assessors, county
23 equalization officers, county registers of deeds, and closing
24 agents. A person who prepares a closing statement for the sale of
25 property shall provide affidavit and rescission forms to the buyer
26 and seller at the closing and, if requested by the buyer or seller
27 after execution by the buyer or seller, shall file the forms with

1 the local tax collecting unit in which the property is located. If
2 a closing statement preparer fails to provide exemption affidavit
3 and rescission forms to the buyer and seller, or fails to file the
4 affidavit and rescission forms with the local tax collecting unit
5 if requested by the buyer or seller, the buyer may appeal to the
6 department of treasury within 30 days of notice to the buyer that
7 an exemption was not recorded. If the department of treasury
8 determines that the buyer qualifies for the exemption, the
9 department of treasury shall notify the assessor of the local tax
10 collecting unit that the exemption is granted and the assessor of
11 the local tax collecting unit or, if the tax roll is in the
12 possession of the county treasurer, the county treasurer shall
13 correct the tax roll to reflect the exemption. This subsection does
14 not create a cause of action at law or in equity against a closing
15 statement preparer who fails to provide exemption affidavit and
16 rescission forms to a buyer and seller or who fails to file the
17 affidavit and rescission forms with the local tax collecting unit
18 when requested to do so by the buyer or seller.

19 (19) An owner who owned and occupied a principal residence on
20 May 1 for taxes levied before January 1, 2012 for which the
21 exemption was not on the tax roll may file an appeal with the July
22 board of review or December board of review in the year for which
23 the exemption was claimed or the immediately succeeding 3 years.
24 For taxes levied after December 31, 2011, an owner who owned and
25 occupied a principal residence on June 1 or November 1 for which
26 the exemption was not on the tax roll, or an owner of property who
27 previously occupied that property as his or her principal residence

1 but did not occupy that property on June 1 or November 1 while
2 residing in a nursing home, assisted living facility, or other
3 location under the circumstances described in subsection (5)(a) to
4 (d), ~~or~~ while absent on active duty as a member of any branch of
5 the Armed Forces of the United States, including the Coast Guard, a
6 reserve component of any branch of the Armed Forces of the United
7 States, or the National Guard, under the circumstances described in
8 subsection (32)(a) to (d), **OR WHILE ABSENT DUE TO THE DAMAGE OR**
9 **DESTRUCTION OF THE PRINCIPAL RESIDENCE UNDER THE CIRCUMSTANCES**
10 **DESCRIBED IN SUBSECTION (33)(A) TO (D)**, for which the exemption was
11 not on the tax roll, may file an appeal with the July board of
12 review or December board of review in the year for which the
13 exemption was claimed or the immediately succeeding 3 years. If an
14 appeal of a claim for exemption that was not on the tax roll is
15 received not later than 5 days before the date of the December
16 board of review, the local tax collecting unit shall convene a
17 December board of review and consider the appeal pursuant to this
18 section and section 53b.

19 (20) An owner who owned and occupied a principal residence
20 within the time period prescribed in subsection (2) in any year
21 before the 3 immediately preceding tax years for which the
22 exemption was not on the tax roll as a result of a qualified error
23 on the part of the local tax collecting unit may file a request for
24 the exemption for those tax years with the department of treasury.
25 The request for the exemption shall be in a form prescribed by the
26 department of treasury and shall include all documentation the
27 department of treasury considers necessary to consider the request

1 and to correct any affected official records if a qualified error
2 on the part of the local tax collecting unit is recognized and an
3 exemption is granted. If the department of treasury denies a
4 request for the exemption under this subsection, the owner is
5 responsible for all costs related to the request as determined by
6 the department of treasury. If the department of treasury grants a
7 request for the exemption under this subsection and the exemption
8 results in an overpayment of the tax in the years under
9 consideration, the department of treasury shall notify the
10 treasurer of the local tax collecting unit, the county treasurer,
11 and other affected officials of the error and the granting of the
12 request for the exemption and all affected official records shall
13 be corrected consistent with guidance provided by the department of
14 treasury. If granting the request for the exemption results in an
15 overpayment, a rebate, including any interest paid by the owner,
16 shall be paid to the owner within 30 days of the receipt of the
17 notice. A rebate shall be without interest. The treasurer in
18 possession of the appropriate tax roll may deduct the rebate from
19 the appropriate tax collecting unit's subsequent distribution of
20 taxes. The treasurer in possession of the appropriate tax roll
21 shall bill to the appropriate tax collecting unit the tax
22 collecting unit's share of taxes rebated. A local tax collecting
23 unit responsible for a qualified error under this subsection shall
24 reimburse each county treasurer and other affected local official
25 required to correct official records under this subsection for the
26 costs incurred in complying with this subsection.

27 (21) If an owner of property received a principal residence

1 exemption to which that owner was not entitled in any year before
2 the 3 immediately preceding tax years, as a result of a qualified
3 error on the part of the local tax collecting unit, the department
4 of treasury may deny the principal residence exemption as provided
5 in subsection (8). If the department of treasury denies an
6 exemption under this subsection, the owner shall be issued a
7 corrected or supplemental tax bill as provided in subsection (8),
8 except interest shall not accrue until 60 days after the date the
9 corrected or supplemental tax bill is issued. A local tax
10 collecting unit responsible for a qualified error under this
11 subsection shall reimburse each county treasurer and other affected
12 local official required to correct official records under this
13 subsection for the costs incurred in complying with this
14 subsection.

15 (22) If the assessor or treasurer of the local tax collecting
16 unit believes that the department of treasury erroneously denied a
17 claim for exemption, the assessor or treasurer may submit written
18 information supporting the owner's claim for exemption to the
19 department of treasury within 35 days of the owner's receipt of the
20 notice denying the claim for exemption. If, after reviewing the
21 information provided, the department of treasury determines that
22 the claim for exemption was erroneously denied, the department of
23 treasury shall grant the exemption and the tax roll shall be
24 amended to reflect the exemption.

25 (23) If granting the exemption under this section results in
26 an overpayment of the tax, a rebate, including any interest paid,
27 shall be made to the taxpayer by the local tax collecting unit if

1 the local tax collecting unit has possession of the tax roll or by
2 the county treasurer if the county has possession of the tax roll
3 within 30 days of the date the exemption is granted. The rebate
4 shall be without interest. If an exemption for property classified
5 as timber-cutover real property is granted under this section for
6 the 2008 or 2009 tax year, the tax roll shall be corrected and any
7 delinquent and unpaid penalty, interest, and tax resulting from
8 that property not having been exempt under this section for the
9 2008 or 2009 tax year shall be waived.

10 (24) If an exemption under this section is erroneously granted
11 for an affidavit filed before October 1, 2003, an owner may request
12 in writing that the department of treasury withdraw the exemption.
13 The request to withdraw the exemption shall be received not later
14 than November 1, 2003. If an owner requests that an exemption be
15 withdrawn, the department of treasury shall issue an order
16 notifying the local assessor that the exemption issued under this
17 section has been denied based on the owner's request. If an
18 exemption is withdrawn, the property that had been subject to that
19 exemption shall be immediately placed on the tax roll by the local
20 tax collecting unit if the local tax collecting unit has possession
21 of the tax roll or by the county treasurer if the county has
22 possession of the tax roll as though the exemption had not been
23 granted. A corrected tax bill shall be issued for the tax year
24 being adjusted by the local tax collecting unit if the local tax
25 collecting unit has possession of the tax roll or by the county
26 treasurer if the county has possession of the tax roll. Unless a
27 denial has been issued before July 1, 2003, if an owner requests

1 that an exemption under this section be withdrawn and that owner
2 pays the corrected tax bill issued under this subsection within 30
3 days after the corrected tax bill is issued, that owner is not
4 liable for any penalty or interest on the additional tax. An owner
5 who pays a corrected tax bill issued under this subsection more
6 than 30 days after the corrected tax bill is issued is liable for
7 the penalties and interest that would have accrued if the exemption
8 had not been granted from the date the taxes were originally
9 levied.

10 (25) Subject to subsection (26), interest at the rate of 1.25%
11 per month or fraction of a month collected under subsection (6),
12 (8), or (11) shall be distributed as follows:

13 (a) If the assessor of the local tax collecting unit denies
14 the exemption under this section, as follows:

15 (i) To the local tax collecting unit, 70%.

16 (ii) To the department of treasury, 10%.

17 (iii) To the county in which the property is located, 20%.

18 (b) If the department of treasury denies the exemption under
19 this section, as follows:

20 (i) To the local tax collecting unit, 20%.

21 (ii) To the department of treasury, 70%.

22 (iii) To the county in which the property is located, 10%.

23 (c) If the county treasurer or his or her designee or the
24 county equalization director or his or her designee denies the
25 exemption under this section, as follows:

26 (i) To the local tax collecting unit, 20%.

27 (ii) To the department of treasury, 10%.

1 (iii) To the county in which the property is located, 70%.

2 (26) Interest distributed under subsection (25) is subject to
3 the following conditions:

4 (a) Interest distributed to a county shall be deposited into a
5 restricted fund to be used solely for the administration of
6 exemptions under this section. Money in that restricted fund shall
7 lapse to the county general fund on the December 31 in the year 3
8 years after the first distribution of interest to the county under
9 subsection (25) and on each succeeding December 31 thereafter.

10 (b) Interest distributed to the department of treasury shall
11 be deposited into the principal residence property tax exemption
12 audit fund, which is created within the state treasury. The state
13 treasurer may receive money or other assets from any source for
14 deposit into the fund. The state treasurer shall direct the
15 investment of the fund. The state treasurer shall credit to the
16 fund interest and earnings from fund investments. Money in the fund
17 shall be considered a work project account and at the close of the
18 fiscal year shall remain in the fund and shall not lapse to the
19 general fund. Money from the fund shall be expended, upon
20 appropriation, only for the purpose of auditing exemption
21 affidavits.

22 (27) Interest distributed under subsection (25) is in addition
23 to and shall not affect the levy or collection of the county
24 property tax administration fee established under this act.

25 (28) A cooperative housing corporation is entitled to a full
26 or partial exemption under this section for the tax year in which
27 the cooperative housing corporation files all of the following with

1 the local tax collecting unit in which the cooperative housing
2 corporation is located if filed within the time period prescribed
3 in subsection (2):

4 (a) An affidavit form.

5 (b) A statement of the total number of units owned by the
6 cooperative housing corporation and occupied as the principal
7 residence of a tenant stockholder as of the date of the filing
8 under this subsection.

9 (c) A list that includes the name, address, and social
10 security number of each tenant stockholder of the cooperative
11 housing corporation occupying a unit in the cooperative housing
12 corporation as his or her principal residence as of the date of the
13 filing under this subsection.

14 (d) A statement of the total number of units of the
15 cooperative housing corporation on which an exemption under this
16 section was claimed and that were transferred in the tax year
17 immediately preceding the tax year in which the filing under this
18 section was made.

19 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
20 of each county shall forward to the department of education a
21 statement of the taxable value of each school district and fraction
22 of a school district within the county for the preceding 4 calendar
23 years. This requirement is in addition to the requirement set forth
24 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
25 388.1751.

26 (30) For a parcel of property open and available for use as a
27 bed and breakfast, the portion of the taxable value of the property

1 used as a principal residence under subsection (16) shall be
2 calculated in the following manner:

3 (a) Add all of the following:

4 (i) The square footage of the property used exclusively as
5 that owner's principal residence.

6 (ii) 50% of the square footage of the property's common area.

7 (iii) If the property was not open and available for use as a
8 bed and breakfast for 90 or more consecutive days in the
9 immediately preceding 12-month period, the result of the following
10 calculation:

11 (A) Add the square footage of the property that is open and
12 available regularly and exclusively as a bed and breakfast, and 50%
13 of the square footage of the property's common area.

14 (B) Multiply the result of the calculation in sub-subparagraph
15 (A) by a fraction, the numerator of which is the number of
16 consecutive days in the immediately preceding 12-month period that
17 the property was not open and available for use as a bed and
18 breakfast and the denominator of which is 365.

19 (b) Divide the result of the calculation in subdivision (a) by
20 the total square footage of the property.

21 (31) The owner claiming an exemption under this section for
22 property open and available as a bed and breakfast shall file an
23 affidavit claiming the exemption within the time period prescribed
24 in subsection (2) with the local tax collecting unit in which the
25 property is located. The affidavit shall be in a form prescribed by
26 the department of treasury.

27 (32) An owner of property who previously occupied that

1 property as his or her principal residence but now is absent while
2 on active duty as a member of any branch of the Armed Forces of the
3 United States, including the Coast Guard, a reserve component of
4 any branch of the Armed Forces of the United States, or the
5 National Guard, may retain an exemption on that property if the
6 owner manifests an intent to return to that property by satisfying
7 all of the following conditions:

8 (a) The owner continues to own that property while absent on
9 active duty as a member of any branch of the Armed Forces of the
10 United States, including the Coast Guard, a reserve component of
11 any branch of the Armed Forces of the United States, or the
12 National Guard.

13 (b) The owner has not established a new principal residence.

14 (c) The owner maintains or provides for the maintenance of
15 that property while absent on active duty as a member of any branch
16 of the Armed Forces of the United States, including the Coast
17 Guard, a reserve component of any branch of the Armed Forces of the
18 United States, or the National Guard.

19 (d) That property is not used for any business or commercial
20 purpose except as provided in section 7dd(c).

21 **(33) IF AN OWNER OF PROPERTY WHO PREVIOUSLY CLAIMED AND**
22 **OCCUPIED THE PROPERTY AS HIS OR HER PRINCIPAL RESIDENCE HAS VACATED**
23 **BECAUSE THE PRINCIPAL RESIDENCE WAS DAMAGED OR DESTROYED BY AN**
24 **ACCIDENT, ACT OF GOD, OR ACT OF ANOTHER PERSON WITHOUT THE OWNER'S**
25 **CONSENT, INCLUDING, BUT NOT LIMITED TO, A FIRE CAUSED BY ACCIDENT,**
26 **ACT OF GOD, OR ACT OF ANOTHER PERSON WITHOUT THE OWNER'S CONSENT,**
27 **THAT OWNER MAY RETAIN AN EXEMPTION ON THAT PROPERTY FOR NOT LONGER**

1 THAN THE TAX YEAR DURING WHICH THE DAMAGE OR DESTRUCTION OCCURRED
2 AND THE IMMEDIATELY SUCCEEDING 2 TAX YEARS IF THE OWNER MANIFESTS
3 AN INTENT TO RETURN TO THAT PROPERTY BY SATISFYING ALL OF THE
4 FOLLOWING CONDITIONS:

5 (A) THE OWNER CONTINUES TO OWN THAT PROPERTY WHILE ABSENT
6 BECAUSE OF THE DAMAGE OR DESTRUCTION OF THE PRINCIPAL RESIDENCE.

7 (B) THE OWNER HAS NOT ESTABLISHED A NEW PRINCIPAL RESIDENCE.

8 (C) THE OWNER PROVIDES FOR THE RECONSTRUCTION OF THE PRINCIPAL
9 RESIDENCE FOR PURPOSES OF OCCUPYING IT UPON ITS COMPLETION AS HIS
10 OR HER PRINCIPAL RESIDENCE.

11 (D) THE PROPERTY IS NOT OCCUPIED, IS NOT LEASED, AND IS NOT
12 USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE.

13 (34) ~~(33)~~As used in this section:

14 (a) "Bed and breakfast" means property classified as
15 residential real property under section 34c that meets all of the
16 following criteria:

17 (i) Has 10 or fewer sleeping rooms, including sleeping rooms
18 occupied by the owner of the property, 1 or more of which are
19 available for rent to transient tenants.

20 (ii) Serves meals at no extra cost to its transient tenants.

21 (iii) Has a smoke detector in proper working order in each
22 sleeping room and a fire extinguisher in proper working order on
23 each floor.

24 (B) "BUSINESS OR COMMERCIAL PURPOSE" MEANS COMMERCIAL PURPOSE
25 AS THAT TERM IS DEFINED IN SECTION 27A.

26 (C) ~~(b)~~"Common area" includes, but is not limited to, a
27 kitchen, dining room, living room, fitness room, porch, hallway,

1 laundry room, or bathroom that is available for use by guests of a
2 bed and breakfast or, unless guests are specifically prohibited
3 from access to the area, an area that is used to provide a service
4 to guests of a bed and breakfast.

5 (D) ~~(e)~~ "Qualified error" means that term as defined in
6 section 53b.